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MEMORANDUM FOR: Director of Central Intelligence

THROUGH: Deputy Director/Intelligence

SUBJECT: Review of, "The Economy, Liberty and
the State," by Calvin B. Hoover

1. This memorandum is for your information and is in response to your request to Mr. Amory for a review of Mr. Hoover's recent book.

2. This book is largely concerned with an exploration of the relationship between individual, or personal, freedom and the evolution of modern economies.

3. Professor Hoover's examination of the growth of the power of the state in western countries leads him to the conclusion that to date this development has been accompanied by little, if any, loss of individual freedom. However, the cumulative and partly unavoidable expansion of the area of state power constitutes a future threat to personal liberty. Whether or not individual freedom will survive under capitalism, Mr. Hoover believes, will depend upon the extent to which its evolution is guided by those who

are, endowed with the sometimes contradictory traits of toughmindedness, good-will and responsibleness" (p. 394).

4. Almost one-third of the book is devoted to a study of the evolution of the Soviet economy and the economies of its European Satellites. Professor Hoover explores the possibilities that these countries may be moving toward a more democratic form of organization. It is not surprising that little evidence, outside possibly of Yugoslavia and Poland, is to be found. However, he believes that the evidence that free societies might develop out of collectivist states is, as yet, inconclusive. The possibility of such developments remains the best hope that armed conflict between states with varying economic systems can be avoided (p. 424).

5. In summary, Professor Hoover's extensive analyses have not led him to conclude that personal liberty is doomed in capitalist states, or that it will never appear in communist societies. A major portion of the book is given over to marshaling the evidence on both sides of each case.

6. Of interest to ORR is Professor Hoover's discussion of the Soviet rate of growth, and its comparison with that of the